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## Morning Need to Know

Getting you ready for your investing day

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Written & curated by the Capital Ideas Media team

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### CANADIAN ANALYSTS' CALLS

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**North American Construction Group Ltd. (TSX:NOA).** ATB Capital Markets analyst Tim Monachello initiated coverage on the heavy construction and mining services stock with an “Outperform” rating and a target price of \$16.50 per share, calling it “a resilient oil sands contractor breaking ground in new markets.”

“NOA has built a dominant position in the Canadian oil sands as the top third-party provider of earthworks and large civil construction services to mining operations with multi-decade operating lives remaining,” he said.

“NOA’s exposure is defensive with roughly 89 per cent of revenues tied to customer OpEx spending since 2017. We believe NOA holds more than 80-per-cent market share of third-party earthworks projects that require heavy equipment (more than 150k-ton trucks) and perhaps 25 per cent of the more fragmented lighter equipment market. Its dominant market position in the oil sands is largely unrivalled.”

**Lightspeed POS Inc. (TSX:LSPD).** National Bank Financial analyst Richard Tse raised his target price on the stock to US\$90 per share from US\$80, while reiterating his “Outperform” rating, saying the Company is “still in the early innings.”

“In our opinion, the biggest takeaway from the reported FQ3 results is that those results were even stronger when we take into account the challenges in the hospitality sector where GTV [gross transaction volume] was down 19 per cent year-over-year organically. To us, that challenge only goes to underscoring the retail segment and its ability to support the Company’s resilience, and perhaps more importantly, shed some light on the potential upside

from hospitality contribution on the other side of the pandemic,” the analyst wrote.

“Bottom line, if the Company can post the results it’s had in the current environment, a normalized environment would only go further to amplify that operating performance. On that note, we also (continue) to believe recent acquisitions are adding more operational and strategic leverage.”



## U.S. ANALYSTS' CALLS

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**Synaptics Inc. (NASDAQ:SYNA).** Craig-Hallum analyst Anthony Stoss upgraded the supplier of human interface solutions to “Buy” from “Hold,” while boosting his target price to \$130 per share from \$78, saying the Company has multiple growth drivers and is well positioned for strong top- and bottom-line growth.

“We had previously been on the sidelines given potential share loss at Apple this year, but with the OLED touch controller business with Apple now sub-

5% of revenues, we think SYNA's other growth drivers can easily offset this," Mr. Stoss said.

"SYNA has now transformed itself into an IoT business with IoT now 43% of revenues and surpassing mobile for the first time this quarter. SYNA expects the IoT market to grow 10-15% for the next several years and thinks their business can grow faster than that."

**ARKO Corp. (NASDAQ:ARKO).** Raymond James analyst Bobby Griffin initiated coverage on the seventh-largest convenience store chain in the United States with a "Strong Buy" rating and a \$13 per share price target, saying Arko is still in the early stages of a multi-year EBITDA growth story in the highly-fragmented U.S. convenience store industry.

"While the COVID-19 pandemic admittedly still creates some uncertainty around near term fuel volumes and challenging fuel margin comparisons, Arko's recent Empire acquisition and host of in-store growth initiatives position the company well for 2021," he wrote.



## STOCKS THAT MAY MOVE

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**Westport Fuel Systems Inc. (TSX:WPRT)** stock looks set to open sharply higher Monday after *Reuters* reported that Amazon.com has ordered more than 1,000 engines that can operate on both renewable and non-renewable natural gas from Westport and its joint venture supply partner Cummins Inc.

**WELL Health Technologies Corp. (TSX:WELL)** announced that it will acquire CRH Medical Corporation (TSX:CRH) for US\$4 per share in cash, or a total consideration of about US\$292.7 million. WELL said CRH generates an annual revenue run-rate of more than US\$120 million with approximately 40% operating EBITDA margins and more than 25% free cash flow margins.

## MARKETS

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**S&P/TSX and U.S. equity futures** are pointing to a higher open Monday on continued U.S. stimulus

optimism.

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## CURRENCIES

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The Canadian dollar is down 0.11 at 0.7825 (U.S.).

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## COMMODITIES

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West Texas Intermediate crude oil rose 1.1% at \$57.48.

Gold gained 0.4% to \$1,820.40 an ounce.

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Please email questions, comments or concerns to:

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